

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04  
NSAE-00 SIL-01 OMB-01 TRSE-00 DODE-00 PM-04 H-01 L-03  
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R 242112Z FEB 77  
FM AMEMBASSY OTTAWA  
TO SECSTATE WASHDC 2561  
INFO AMCONSUL MONTREAL  
ALL OTHER CONSULS IN CANADA (BY POUCH)

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E.O. 11652: N/A  
TAGS: ELAB, EAL, CA  
SUBJECT: FEDERAL-PROVINCIAL LABOR MINISTERS MEETING

REF: OTTAWA 432

1. BEGIN SUMMARY: MEETING OF PROVINCIAL LABOR MINISTERS  
WITH FEDERAL LABOR MINISTER FEBRUARY 22 FOCUSED ON HOW  
AND WHEN TO END WAGE CONTROLS. PROVINCIAL MINISTERS WERE  
URGED TO SEEK CONSENSUS WITHIN RESPECTIVE GOVERNMENTS AND  
ADVISE GOC OF THEIR PREFERENCES. END SUMMARY.

2. IN FOLLOW-UP TO FEBRUARY 1-2 MEETING OF FEDERAL/  
PROVINCIAL FINANCE MINISTERS (REFTEL) LABOR MINISTER MUNRO  
MET WITH PROVINCIAL COUNTERPARTS TO EXCHANGE VIEWS AND  
EXPLORE TIMING AND METHODS TO GET OUT OF CONTROLS  
PROGRAM. IN BRIEFING LABATT ON PURPOSE AND RESULTS, LABOR  
DEPARTMENT ADM KELLY EMPHASIZED THAT INTENTION WAS NOT TO  
REACH AGREEMENT BUT TO PRESENT OPTIONS AS GOC SEEMS THEM  
FOR CONSIDERATION BY PROVINCIAL GOVERNMENTS. ALTERNATIVES  
FOR ENDING WAGE CONTROLS WERE BY SECTOR OF ECONOMY, SIZE  
OF BARGAINING UNIT OR SETTING SPECIFIC TERMINATION DATE  
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WITH ALL CONTRACTS NOT RENEGOTIATED BEFORE THAT TIME  
REMAINING SUBJECT TO EXISTING GUIDELINES FOR DURATION OF  
COLLECTIVE AGREEMENT. GOC PREFERS LATTER OPTION. ANTI-  
INFLATION BOARD WOULD BECOME MONITORING AGENCY MAINTAINING  
CONTROL POWERS OVER UNEXPIRED CONTRACTS. THIS RESIDUAL  
ORITY COULD PROBABLY BE TERMINATED WITHIN A YEAR  
SINCE MOST AGREEMENTS ARE NOW LIMITED TO 12 MONTHS

DURATION. FREQUENTLY HEARD PREFERENCE FOR KEEPING CONTROLS ON PUBLIC SECTOR AFTER THEY LAPSE FOR PRIVATE INDUSTRY WAS NOT REPEAT NOT CONSIDERED VIABLE OPTION IN VIEW OF ORGANIZED LABOR'S HOSTILITY AND MODERATION IN FEDERAL PUBLIC SECTOR SETTLEMENTS. HOWEVER, MUNRO STRONGLY URGED PROVINCIAL AND MUNICIPAL RESTRAINTS ONCE CONTROLS ARE ENDED.

3. ALTHOUGH GOC DID NOT COMMIT ITSELF ON TIMING, LABOR DEPARTMENT'S PREFERENCE FOR SECOND ANNIVERSARY OF AIB PROGRAM (OCTOBER 14) OR DECEMBER 31, 1977 WAS IMPLICITLY ACKNOWLEDGED. ADM KELLY TOLD PROVINCIAL MINISTERS THAT IN FEDERAL SECTOR, DECEMBER TERMINATION DATE WOULD BE FAR PREFERABLE SINCE CERTAIN KEY CONTRACTS SUCH AS GRAIN HANDLING, ST. LAWRENCE SEAWAY, AND RAILROADS EXPIRE FOURTH QUARTER AND WOULD THEREFORE BE SUBJECT TO CONTROLS BEYOND DECEMBER 31 TERMINATION DATE.

4. INTERESTINGLY INITIAL REACTION BY SASKATCHEWAN AND MANITOBA LABOR MINISTERS WAS IN TOTAL CONTRAST TO RECENT PRONOUNCEMENT BY RESPECTIVE PREMIERS TO CLC THAT THEY HAD PUBLIC SUPPORT FOR CONTROLS (OTTAWA 0642). THE TWO LABOR MINISTERS, PRESUMABLY UNDER DIRECT PRESSURES FROM ORGANIZED LABOR, FAVORED ENDING CONTROLS ON APRIL 1. QUEBEC'S LABOR MINISTER CONDESCENDINGLY URGED HIS COLLEAGUES TO FOLLOW QUEBEC'S EXAMPLE BY OPTING OUT RIGHT AWAY WHILE ALBERTA FAVORED DECEMBER 1977 DATE. ONTARIO CURRENTLY REVIEWING EXPIRATION DATES OF CONTRACTS AND PROMISED TO EXPRESS ITS PREFERENCE SHORTLY. B.C. LABOR LIMITED OFFICIAL USE

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MINISTER, FACED WITH HEAVY BARGAINING YEAR, REMAINED NON-COMMITAL POSSIBLY BECAUSE HE WAS UNPREPARED FOR SERIOUS DISCUSSION, HAVING SAID VATELY BEFORE MEETING THAT HE EXPECTED IT TO BE "CHARADE."

5. COMMENT: GOC IS APPROACHING DELICATE QUESTION OF ENDING CONTROLS IN FAR MORE CONSIDERATE FASHION THAN WHEN THEY WERE IMPOSED WITHOUT FOREWARNING IN OCTOBER 1975. SAME TOPIC WILL BE DISCUSSED WITH BUSINESS LEADERS EARLY MARCH AND GOC HOPES TO HAVE TRIPARTITE CONSULTATION WITH LABOR AND BUSINESS SUBSEQUENTLY. IF CONSENSUS ON RESTRAINTS CAN BE ACHIEVED IN WEEKS TO COME, GOC MAY WELL SET TERMINATION DATE FOR PRICE/WAGE CONTROLS FOR SOME TIME TOWARD END OF YEAR. HOWEVER, PHASED WITHDRAWAL OF CONTROLS FAVORED BY GOC REMAINS MAJOR STUMBLING BLOCK BECAUSE OF OPPOSITION BY LABOR AND BUSINESS WHICH PREFER SINGLE TERMINATION DATE. DUEMLING

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## Message Attributes

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